

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: April 19, 1996

SUBJECT: **SB 3185 - HB 3182**

This bill, if enacted, will allow a subscriber in a health maintenance organization, managed care organization or other health plan to choose any provider they wish. An HMO/MCO must permit any provider to participate in the plan if that provider agrees to accept the average reimbursement rates negotiated by the HMO/MCO.

The fiscal impact from enactment of this bill is estimated to be an increase in expenditures to the TennCare program. The provisions of this bill will cause an increase in capitation rates since it affects existing procedures used to control cost. The amount of such increase cannot be determined but is estimated to exceed \$1,000,000 in the long run.

The fiscal impact is also estimated to increase local government* expenditures to the extent they use managed care health plans. The amount cannot be determined but is estimated to exceed \$100,000.

The fiscal impact is also estimated to result in an increase in cost to the health care industry because the flexibility of managed care plans will be reduced. The increase cannot be determined but is estimated to exceed \$1,000,000. This impact is included as required by TCA 3-2-111.

SB 3185 - HB 3182

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*